United Nations A/65/705

General Assembly

Distr.: General
1 February 2011

Original: English

Sixty-fifth session
Agenda items 51 and 129

United Nations Relief and Works Agency for Palestine Refugees in the Near East

Programme budget for the biennium 2010-2011

Report of the Secretary-General on strengthening the management capacity of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

Summary

The present report is submitted pursuant to General Assembly resolution 64/89, in which the Assembly endorsed the conclusions in the report of the extraordinary meeting of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (A/64/115), in particular its request that the Secretary-General provide a report on the strengthening of the management capacity of the Agency to relevant bodies of the General Assembly at the earliest possible date. In this regard, attention is also drawn to the request of the Assembly in resolution 65/100 that the Secretary-General continue to support the institutional strengthening of the Agency through the provision of sufficient financial resources from the regular budget of the United Nations.

The report presents the financial needs of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) in the broad context of its regional role. It describes the shortfalls in extrabudgetary funding that beset the Agency, as manifested in its eroded working capital reserve. It highlights the Agency's constant efforts to strengthen its donor support base and describes past efforts by the Assembly to put UNRWA operations on a more secure financial footing.

11-22197 (E) 100211

Please recycle

In recent years, together with other United Nations bodies, UNRWA has been required by the General Assembly and other important stakeholders, notably donor and refugee host Governments, to undertake a series of measures to strengthen its management of resources, improve programme planning and oversight, and conform to contemporary standards and norms in areas such as the strengthening of internal justice, public sector accounting standards, and staff security and safety. Owing to the deepening annual financial deficits facing the Agency over the last decades and in the foreseeable future, it is clear that these and other necessary reforms cannot be fully implemented without additional and more predictable sources of funding.

The action requested of the General Assembly is contained in part VI of the report.

I. Introduction

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) has been charged, for the past 61 years, with the unique challenge of providing relief and assistance to Palestine refugees in five fields of operation (Jordan, Syria, Lebanon, and, in the occupied Palestinian territory, the Gaza Strip and the West Bank, including East Jerusalem), until such time that the situation of the refugees is resolved through a just and lasting solution. That challenge is formidable. It requires the Agency consistently to offer education, health, relief and other essential services of a public nature, to a population of 4.76 million registered refugees in one of the most volatile regions of the world, including during situations of high political tension and armed conflict. The General Assembly, in its resolution 64/89, requested the Secretary-General to submit a report on the strengthening of the management capacity of the Agency to the relevant bodies of the General Assembly at the earliest possible date and requested him to support the institutional strengthening of the Agency through the provision of sufficient financial resources from the United Nations regular budget. The Agency's financial crisis threatens the fulfilment of its mission and the population it serves. The present report describes the nature of the crisis which UNRWA faces, and proposes alleviating it through increased support to the Agency from the United Nations regular budget.

2. UNRWA addresses the complex needs of the Palestine refugee population, including human development, humanitarian relief and protection. Encouraged by stakeholders, the Agency has undertaken a wide-ranging management reform process in recent years. This reform process has transformed UNRWA and helped to sharpen its goals, planning, and programme management, particularly through the development of its medium-term strategy for the period 2010-2015. The reforms have provided the basis for more effective and efficient delivery of programmes, thus strengthening the contribution of UNRWA programmes to promoting peace and stability. Providing the tools to ensure successful programmatic outcomes is the central function of the management reform process. However, to maintain the momentum of the reform process, the Agency will require continued investment in oversight, direction and evaluation.

3. UNRWA is in a financial crisis. Total programme requirements have been unfunded by an average of 12 per cent over the last four bienniums. UNRWA starts each year with an average budget deficit of approximately $50 million. With refugee numbers now approaching 5 million, the consequent increase in fixed-cost base, and the continued uncertainty as to whether contributions from donors will keep pace with budgeted needs-based expenditure in coming years, the structural nature of the funding gap faced by the Agency has become evident. UNRWA commenced 2010 with a deficit of $54.4 million against a downsized General Fund budget of $541.3 million as compared to the programme requirements of $598.5 million, which had been approved by the General Assembly. In 2011, against the total approved programme requirements of $621.2 million, UNRWA once again downsized its General Fund budget to $568 million. Even with this reduced budget, UNRWA anticipates a funding shortfall of $63 million.

4. Despite sustained fund-raising efforts targeted at both traditional and new donors, as well as stringent cost-cutting and cost-containment measures, the Agency has only been able to narrowly avoid reporting year-end deficits over the past few

years by depleting its working capital reserve. As of the end of 2010, the working capital reserve stood at approximately $42 million (or the equivalent of only one month's expenditure). Due to the unpredictable nature of extrabudgetary donor contributions, this pattern of sustained low levels of working capital has the potential to call into question the financial viability of the Agency.

5. The General Assembly requires UNRWA, in keeping with Organization-wide initiatives, to follow key best practice policies and initiatives, including the implementation of the International Public Sector Accounting Standards (IPSAS), internal justice reform, United Nations security management system standards and policies (such as the minimum operating security standards), gender mainstreaming, and others. Currently, the cost of doing so is met from the same pool of voluntary donations which sustains the Agency's services to Palestine refugees, thus diminishing the financing available to serve refugee needs. As each initiative in its own right has a price tag, they represent an added financial burden on the Agency's operations at a time when maintaining delivery of services to refugees remains paramount.

6. The extrabudgetary investment made by donors in support of organizational reform, and the recent increase in international posts funded through the United Nations regular budget[1] have strengthened programme delivery. However, the costs inherent in the ongoing process of reform and improvements in the quality and effectiveness of services require increased financial security for the Agency. Specifically, UNRWA needs access to a greater share of predictable, secure funding. The benefits from stable funding would be reflected in particular in the reform process, which strengthens the Agency's capacity to manage the complex challenges that it faces. Continued reform is directly supportive of the Agency's work to maintain stability and calm in its areas of operation.

7. With particular reference to the most recent report of the Working Group on the Financing of UNRWA dated 29 October 2010 (A/65/551), the Secretary-General supports a proposal for Member States to commit to an increased level of funding from the United Nations regular budget to help secure the Agency's management capacity and enable it to maintain the momentum of United Nations-mandated reforms. As explained below, increased financial support would significantly contribute to ensuring that the Agency is in the position to improve the impact and quality of the services delivered, and effectively and flexibly respond to evolving needs. The Secretary-General recommends that such additional funding be introduced starting with the budget for the biennium 2012-2013 (see para. 37 below).

II. Historical background

8. By its resolution 302 (IV) of 8 December 1949, the General Assembly established UNRWA, charging it with providing "continued assistance for the relief of the Palestine refugees [...] to prevent conditions of starvation and distress among them and to further conditions of peace and stability". Since the adoption by the General Assembly of resolution 1456 (XIV) of 9 December 1959 the mandate of UNRWA has been renewed every three years. The current mandate expires on 30 June 2014.

[1] Fourteen new posts were provided in the biennium 2010-2011.

9. UNRWA is a temporary agency charged with delivering education, health, relief and social services. Maintaining these services requires medium- to long-term planning and assured finances. Unlike other United Nations bodies working in the field, UNRWA does not work on behalf of host Governments; rather, it delivers its services in parallel, albeit in close coordination, with them. Moreover, UNRWA implements almost all of its programme activities directly, using its own staff, most of them Palestine refugees, to deliver services to their own communities, rather than sub-contracting through implementing partners.

10. The Agency's humanitarian and human development work includes emergency response activities that have proved vital in saving lives and helping to protect the safety of Palestinian civilians in armed conflict. Owing to rapidly changing circumstances in the region in which it works and frequent outbreaks of violence, UNRWA must be a highly flexible organization able to adapt quickly from carrying out developmental activities to undertaking emergency relief work in the 58 refugee camps and other areas in which it operates.

11. The mandate of UNRWA is linked to the Palestinian refugee issue, which has remained on the United Nations agenda since 1947 as a core aspect of the Israeli-Palestinian conflict. The General Assembly has regularly reaffirmed the necessity for the continuation of the Agency's work pending a just resolution of the question of the Palestine refugees (see, for example, General Assembly resolution 65/98, para. 3). The Agency's coordination with other parts of the United Nations system has a long history. Both the World Health Organization (WHO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO) have partnership agreements with the Agency and have played a special role in the provision of technical and in kind assistance in the areas of health and education since the early 1950s. In the past, UNRWA benefited from 55 personnel funded from those two agencies. Over time, however, that number was reduced to four staff members. Furthermore, UNRWA participates in United Nations country teams, in the development of United Nations development assistance frameworks and United Nations consolidated appeals processes, and is increasing its integration into the work of other parts of the United Nations system at the field level, consistent with the United Nations delivering as one.

12. Over the past 35 years, the increasing refugee population (from 750,000 in 1950 to 4.76 million in 2010), evolving global standards in terms of the services the Agency delivers and inflation have resulted in rising costs for the Agency. The Working Group on the financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East[2] has highlighted this conundrum in a number of reports. Since 1 January 1975, expenses for the salaries of international staff employed by UNRWA, which would otherwise be a charge against extrabudgetary contributions, have been financed by the regular budget of the United Nations. More recently, in its report to the General Assembly of 26 June 2009, the Working Group recommended that the General Assembly review, at its sixty-fifth session, the basis for its decision in its resolution 3331 (XXIX) B to provide funding to UNRWA for international posts so as to enable the Agency to meet contemporary demands from

[2] In 1970, funding shortfalls led to a serious financial crisis comparable to that faced today. The Secretary-General appealed to the Special Political Committee to devise creative solutions. The result was the establishment in December 1970, through resolution 2656 (XXV), of the Working Group on the Financing of UNRWA.

stakeholders and the Assembly itself (see A/64/115, para. 14 (d)). It also requested the Secretary-General to prepare a report on strengthening the management capacity of the Agency, for submission to the General Assembly at the earliest possible date. The conclusions of the Working Group were endorsed by the Assembly in resolution 64/89.[3] The present report fulfils the request for a report on the strengthening of the management capacity of the Agency in accordance with General Assembly resolutions 64/89 and 65/100.[4]

III. Management reform and programme effectiveness

13. An important landmark in the Agency's management reform process was reached at the Geneva Conference on "meeting the humanitarian needs of the Palestine refugees in the Near East: building partnership in support of UNRWA" hosted by the Government of Switzerland in June 2004. The conference strengthened the principle of a tripartite partnership between the Agency, its donors and the refugee host countries. It also highlighted the importance of ensuring that the Agency's programming and protection activities reflect the rights and entitlements of Palestine refugees. Stronger engagement with key stakeholders was introduced through far-reaching reform of the Advisory Commission of UNRWA.[5] Established in 1949 with 4 members (France, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America), the composition of the Commission has more than doubled since 2004 to 24 members and 3 observers, including all host countries and major donors. The increased role of important Arab donor States in the work of the Agency is a concrete result of the Agency's continuous efforts to strengthen and diversify its donor support base.

14. Following the Geneva Conference, the Commissioner-General and her deputy led a comprehensive process of reform grounded in the three-year organizational development programme, covering the period 2007-2009. Among other achievements of this programme were the introduction of decentralization and delegation of authority to the five fields of operation, as well as planning that is based on the assessed needs of the refugees and results-based management. The success of the organizational development programme has been commended by the Advisory Commission, which has encouraged the Agency to continue and sustain the process of change.

15. During 2009, the Agency finalized its six-year medium-term strategy, initiating the implementation of programme cycle management. It has also embarked on a far-reaching reform of its human resource management, modernizing and streamlining working methods and structures. In 2010, the Agency launched a new

[3] In paragraph 7 of the resolution, the General Assembly also repeated its request made at the sixty-third session (resolution 63/93, para. 6) for the "Secretary-General to support the institutional strengthening of the Agency through the provision of sufficient financial resources from the regular budget of the United Nations".

[4] In paragraph 10 of resolution 65/100, the General Assembly "looks forward to the transmittal of the report of the Secretary-General on the strengthening of the management capacity of the Agency, as requested by the Working Group and as endorsed by the General Assembly in its resolution 64/89".

[5] As established under General Assembly resolution 302 (IV) of 8 December 1949, the purpose of the Advisory Commission of UNRWA is to advise and assist the Commissioner-General in the execution of the programme. The Advisory Commission is not an executive body.

strategic approach to resource mobilization aimed at strengthening the donor support base and tapping into new sources of funds, including from the private sector and foundations.

16. The Agency has strengthened the relationship between its headquarters and the fields of operation, including through seeking to optimize the blend between the operations management role of field directors and the expert oversight, direction, and standard-setting provided by programme and support directors based in Amman and Jerusalem. Oversight, evaluation, investigation and audit functions are embedded in a restructured Department of Internal Oversight Services, headed at the D-2 level. A Programme Coordination and Support Unit leads the Agency's efforts in programme cycle management. Much-needed professional support in the management of some 28,264 local (area) staff and the revamping of area staff structures is provided by the Department of Human Resources. The Department of Legal Affairs and field lawyers ensure that the Agency's regulatory framework is consistently interpreted and implemented throughout the Agency.

17. A plan for "sustaining change", the next phase of the reform process, was introduced in 2010. The plan represents the Agency's commitment to maintaining the momentum of reforms and ensuring that their impact is demonstrated in a higher quality of services to refugees. It is essential that the sustaining change plan be fully funded to enable its benefits to be felt in the lives of refugees. The Advisory Commission gave its broad support to the reforms and proposed to make further detailed recommendations prior to June 2011 on the implementation of the plan. As part of a long-term commitment to reform, UNRWA has planned an external evaluation of the first phase of the reform process, the organizational development programme, in the first half of 2011. The results of that evaluation will be fed into the implementation of the sustaining change plan.

18. Given the persistence of the Agency's financial difficulties, the Commissioner-General gives high priority to efforts to sustain and increase the support of traditional donors, to further expand income from non-traditional donors and to enhance income through partnerships with public and private entities. A key means towards achieving these objectives, particularly during a time of heightened funding needs, is the strengthening of UNRWA resource mobilization and advocacy capacities. A strategic approach to resource mobilization, developed during the first half of 2010, has been fully integrated into the sustaining change plan, and will be rolled out as additional funding is made available. An initial step has been the establishment of a new Department of External Relations and Communications headed at the D-2 level. Other planned measures to enhance the Agency's impact include strengthening of the existing Brussels Representative Office and establishment of a small office in Washington, D.C., to be headed at the P-5 level, to manage relations with the Government of the United States, the Agency's largest bilateral donor. The strengthening of the Arab Partners Unit, aimed at capturing an increasing share of funds from Arab States, is another component of this strategy. The Agency's resource mobilization approach includes efforts to increase individual giving and, importantly, to enhance partnerships with foundations and the private sector with a view to tapping into their resources and technical expertise. Partnerships can also boost the Agency's advocacy for Palestine refugees and broaden it's global visibility.

19. In order to integrate existing management information tools in the areas of procurement, finance and human resources, and provide senior management with real-time data on the allocation of budgeted resources and actual programme expenditure, UNRWA urgently needs to implement an enterprise resource planning system. Immediate benefits, including greater cost efficiencies, are anticipated. For instance, the enterprise resource planning system will support IPSAS compliance and improved data management in the procurement supply pipeline. When implemented in the health sector, automation of health procedures for refugee patients will reduce transaction costs, improve stock control, and reduce wastage and inventories, leading to annual savings on the purchase of supplies and goods. The estimated cost of an UNRWA-specific enterprise resource planning system is approximately $32 million over three years. However, in an effort to optimize cost-benefits and improve synergies with other parts of the United Nations system, the Agency is actively exploring opportunities to partner with another United Nations organization. The estimated cost of this alternate solution would be approximately $3 million per annum, beginning in 2014. To date, the Agency has only managed to attract a limited amount of extrabudgetary funding for this project, with consequent inevitable delays in implementation.

IV. Funding crisis, budget structure and programme costs

20. UNRWA has faced frequent financial crises. While donors have shown a high degree of solidarity with the Palestine refugees over the decades, rarely — if ever — has the level of funding provided met the Agency's planned programme expenditure on their behalf. Even though not all registered refugees avail themselves of the Agency's services, a number of external evaluations have shown that UNRWA spends significantly less on its beneficiaries than is required by international standards. Expenditure per capita of less than $20 a year in the health programme is only half the minimum recommended by WHO for developing countries. A WHO evaluation of the UNRWA programme in 2005 stated that failure to raise additional resources for health-care programmes would result in greater health risks among the refugees. While UNRWA is often hailed by donors as highly cost-effective, the paucity of its resources — and consequently of its spending — can be judged in crumbling school buildings and overcrowded, understaffed health clinics, testifying to the deteriorating quality of its services. Without sustained investment in the quality of services provided, much of the progress made by UNRWA in assisting the Palestine refugee population to meet the Millennium Development Goals could be undermined and reversed.

21. UNRWA faces widening annual gaps between planned expenditure to maintain core programmes at present levels and current and forecast donor pledges. The Agency's reform programme is being implemented at a time when the global financial crisis that began in 2008 has negatively impacted the Agency's traditional donor base. Several donors have been obliged to reduce the level of their pledged contributions or have not been able to increase them in line with Agency needs. In 2011, the General Fund expenditure is budgeted at $568.0 million, representing a 9 per cent reduction from that necessary to achieve the medium-term strategy goals budgeted at $621.2 million, excluding in kind assistance. In 2011, budgeted donor income will be insufficient to meet the reduced budget, generating a deficit of

$63.0 million. This level of income is clearly inadequate to meet medium-term strategy goals going forward.

22. The consequence of a structural deficit over a number of years has been a steady drawdown of the Agency's working capital reserve, which is required to fund General Fund shortfalls and respond to exchange rate fluctuations. The reliance of UNRWA on this short-term method of dealing with the crises has highlighted the growing vulnerability of the Agency to exogenous shocks, and weakens its ability to respond to crisis. UNRWA ended 2010 with a working capital reserve of only $42 million, equivalent to one month of operating cost, and the situation is likely to be the same in 2011. Normal prudential standards dictate that an organization with the responsibilities of UNRWA should maintain a reserve equivalent to at least three months' planned expenditure. As expenditure currently averages $43 million a month, this implies that a reserve equivalent to approximately $130 million would be required. The General Assembly's attention is drawn to this serious matter as further illustration of the acute resource deficit the Agency faces.

23. The Agency's budget structure includes several "portals" through which funding is raised and disbursed. The most significant of these is the General Fund, which supports the Agency's core programmatic expenditure in the areas of education, health, and relief and social services. Most costs incurred by the two other programmes — infrastructure and camp improvement, and microfinance — are financed through dedicated project funding, or, in the case of microfinance, through income generation, and do not significantly impact the availability of funding for the Agency's core programmes. In kind food aid from donors and cash-for-food, as well as modest allowances to 250,000 special hardship cases form additional components of the Agency's General Fund. For the biennium 2010-2011, the cash and in kind General Fund budget (i.e., excluding projects and emergency appeals for northern Lebanon and the occupied Palestinian territory) is $1,226.6 million ($601.9 million for 2010 and $624.7 million for 2011).

24. The General Fund is financed almost entirely through extrabudgetary contributions from donor Governments. Support from private donors and local governments — at the state and municipal levels — has been growing modestly in recent years, thanks to sustained fund-raising efforts. However, national Governments will remain the largest contributors, providing 95 per cent of funds received for the Agency's General Fund in 2009. Notwithstanding a drive to increase the share provided by non-traditional donors outside OECD, UNRWA estimates that it will remain dependent for the foreseeable future on support from 20 major donors who have traditionally provided over 93 per cent of pledges.

25. The United Nations regular budget share of the General Fund requirement has declined over the decades. In the biennium 1975-1976, it represented over 8 per cent of the total, while in the current biennium, it has fallen to 3.5 per cent.[6] Over the past decade, the Agency's share of the United Nations regular budget has varied between 0.65 per cent in the biennium 1996-1997 and the present figure of 0.95 per cent. The recent rise in funding from the regular budget was due to the welcome decision to provide UNRWA with an additional 20 international posts over a four-year period to replace extrabudgetary funding of positions provided under the

[6] A total of $48.7 million out of the General Fund requirement for the biennium 2010-2011 of $1,226.6 million.

organizational development programme. Meanwhile, over the 35 years since the passage of resolution 3331 (XXIX), demands on the Agency's management from stakeholders, including the General Assembly, have increased significantly. In my address on 24 September 2009 to the UNRWA High Level Meeting on the occasion of the Agency's sixtieth anniversary, I suggested that the time had come for the Assembly to look again at the adequacy of the funding it provides to UNRWA.

26. Successive years of funding shortfalls to the General Fund have taken a heavy toll on the physical fabric of the Agency's schools, clinics, food distribution centres and other installations, with the effective life of UNRWA installations being reduced from 50 to 30 years. Meanwhile a growing percentage of refugees today live in sub-standard, unhealthy accommodation. The backlog of shelters that UNRWA has been unable to repair or rebuild due to a lack of funds has risen to well over 25,000, affecting some 150,000 persons. In Gaza alone, some 11,000 units await repair. Pledges to the project budget have typically averaged about $50 million a year, which represents only a small fraction of needs.

27. Since September 2000, UNRWA has issued annual emergency appeals for the occupied Palestinian territory. Over the past decade, donor pledges to emergency appeals have totalled $1.5 billion, representing approximately 62 per cent of the funding requested. In addition, since 2006, the Agency has requested emergency funding for Lebanon, following the conflict that year between Israel and Hizbullah and the 2007 clash between the Lebanese army and a militant Islamist group in and around the Nahr el-Bared camp. The clash displaced 27,000 refugees and destroyed the entire camp. Rebuilding the camp will be the largest infrastructure project ever undertaken by the Agency, costing an estimated $324 million. So far, UNRWA has received sufficient funding to cover one third of the planned works. While emergency activities are supplementary to the Agency's regular programmes, they are mainly delivered by resources covered by the regular programmes and rely on the physical infrastructure funded by the General Fund.

28. Staff are both the key means of programme delivery and the largest single cost element of the General Fund. In line with the steady growth in the number of refugees, as well as the need to improve the quality of UNRWA services, staff numbers have risen as the programme has grown. In November 2010, the Agency had 28,264 established area posts for a registered refugee population of 4.76 million, a ratio of 168 refugees per staff member. The total was broken down among the three main programmes as 20,471 educational staff, 4,328 health staff, and 630 relief and social services staff. The remainder provided headquarters support or were employed by the microfinance and infrastructure programmes. In recent years, owing to shortfalls in donor funding, management has kept a tight grip on new recruitment.

29. Area staff remuneration is closely pegged to that of their local Government counterparts. As UNRWA wishes to attract and retain well-qualified persons, in some professional categories it pays slightly above the Government equivalent. Thus, when host authorities award pay raises to their own staff, where established procedures apply, UNRWA generally follows suit. This practice has had a significant impact on the Agency's total wage bill in recent years. Salary costs represent about 85 per cent of the Agency's recurrent expenditure, a very high percentage that gives management little room to manoeuvre during periods of downturn in donor income. The absence of a staff indemnity reserve, to provide end-of-service termination

payments, reduces further the potential tools at the disposal of the Commissioner-General in confronting financial crises. As of 31 December 2009, the reserve requirement stood at $227 million.

30. While area staff assume significant levels of responsibility in their respective fields of operation and programme areas, international staff remain critical to ensuring requisite levels of expertise and oversight. It is therefore vital that UNRWA be able to attract the international staff it needs, including those with United Nations experience and those familiar with international norms and standards.

31. The General Assembly approved the Agency's request for an additional 20 regular posts from the United Nations budget over the four years from 2008 to 2011, bringing the total number of posts financed through the regular budget to 133 in the current biennium. Nevertheless, UNRWA still depends heavily on a large number of international staff paid for under temporary bilateral arrangements with donors, as junior professional officers, short-term experts or consultants. About one third (approximately 75 posts) of the current international staff roster is based on bilateral funding that is by definition time-bound and related to specific short-term assignments. These arrangements are not sustainable. While the requirement for some of these posts is of a limited duration, UNRWA estimates that 43 positions are key to enabling the Agency to maintain the momentum of reform, to strengthen its management and to improve the quality of services to refugees.

V. Meeting reform requirements mandated by the General Assembly

32. UNRWA is working towards the implementation of IPSAS by 2012. A smooth transition from existing accounting practices and standards will require extensive operational and change-management efforts, including major rewriting of all financial technical instructions and policies, extensive changes to accounting practices, the training of finance and non-finance staff across all 5 fields of operations and major enterprise resource planning systems upgrades and enhancements, along with changed operational procedures for many inventory management staff. It is estimated that the cost of IPSAS implementation will be approximately $2.5 million in the current biennium.

33. To bring UNRWA in line with human resource reforms already introduced at the Secretariat and the funds and programmes, the Agency is providing its staff with access to a more robust dispute-resolution mechanism, as well as a new, first-tier system of internal justice.

34. UNRWA management has a duty to care for its staff. Whereas in the past, strong community support contributed greatly to security, today that presumption no longer holds true to the same extent. Both international and area staff have come under threat from different sources in recent years in all UNRWA fields of operation. Management is committed to implementing moss standards. As not all of its many facilities can be protected to an acceptable level, the Commissioner-General has determined that the safeguarding of headquarters facilities and a small number of other particularly exposed locations needs to be ensured. Other complementary measures are required in each field to improve staff safety.

35. In line with the outcome from the 2005 General Assembly World Summit, which called upon "all parts of the United Nations to promote human rights and fundamental freedoms" (see General Assembly resolution 60/1, para. 119), UNRWA is committed to mainstreaming gender equality and protection and providing for the needs of the disabled in its operations. Specialist staff have been appointed to coordinate the Agency's work in these areas, and policies, procedures and guidance are being developed. Staff training and awareness-raising activities have begun. As these are cross-cutting issues that are implemented throughout UNRWA programmes, significant resources are required to reach all 28,264 of its staff. In addition, the Agency's commitment to mainstreaming gender equality and protection and providing for the needs of the disabled requires the provision of quality services targeted to reach vulnerable communities and individuals, as well as advocacy and mobilization efforts, which also necessitate support in terms of service delivery and human resources.

VI. Conclusions and recommendations

36. To ensure that UNRWA is able to deliver effectively on the mandate given to it by the General Assembly and to utilize donor resources most efficiently, it is essential that the far-reaching management reform process begun in 2005 is maintained and deepened. Extrabudgetary contributions from traditional and non-traditional donors, including through private sector partnerships, must rise significantly over the coming five years, to enable the Commissioner-General to implement the Agency's medium-term strategy over the period 2010-2015, thus providing refugees with improved basic services in line with national and international norms, including those set by the United Nations.

37. To achieve these objectives, the General Assembly is requested to:

(a) Take note of the perilous cash-flow situation faced by UNRWA;

(b) Request the Secretary-General to propose increased funding from the regular budget on an incremental basis over the next four bienniums, starting with an increase of $5 million for the biennium 2012-2013;

(c) Decide that approval of such increases is subject to full justification in the context of the proposed programme budgets for the relevant bienniums, and consideration thereof by the General Assembly.

38. At the end of the implementation timeline for the two medium-term strategy, in 2015, in the light of its continuing responsibility for the financial well-being of the Agency, and as its parent governing body, the General Assembly may wish to review the progress made by UNRWA in meeting its obligations and goals, including those set out in the present report, in line with funding provided through voluntary contributions and the United Nations regular budget. To that end, a follow-up report may be beneficial.